

2006-2007 PERFORMANCE PLAN – INVESTMENT MANAGER, ASSET ALLOCATION AND RISK MANAGEMENT (Roth)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
25%	Total Fund Performance	Excess return in basis points relative to total fund performance benchmark (SJ1C – CPERSTOT)	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
25%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
20%	Asset Allocation	<ol style="list-style-type: none"> Assist in preparation for the Asset/Liability Management Workshop by 12/31/06 <ul style="list-style-type: none"> Review and test decision factors Research pros/cons of creating global equity asset class Research and be prepared for implementation of GASB 43/45 by 03/31/07 	From Schedule
40%	Risk Analysis	<ol style="list-style-type: none"> Monitor and report on early warning indicators by 06/30/07 Improve proxy for new non-core real estate strategies reflecting the real estate Strategic Plan by 03/31/07 Implement within RMS improved hedge fund risk modeling by 06/30/07 Evaluate a tool (continuous VaR) to measure the maximum expected loss (low water mark) of the Fund over the next year by 03/31/07 	From Schedule
15%	Leadership	Demonstrate leadership within CalPERS and in the external investment community. Dimensions include leadership: <ul style="list-style-type: none"> Within Investment Group Trustees CalPERS External Investment Community 	From Schedule
75%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	

Supervisor's Approval: Original signed by Russell Read

Date: August 1, 2006